FILE COPY

Office - Supreme Court,
FILED
DEC 12 1949
CHARLES ELMORE CRO
OLE

IN THE

Supreme Court of the United States

OCTOBER TERM, 1949

No. 478-479

CONSUMERS PETROLEUM COMPANY,
Petitioner,

vs.

CONSUMERS COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

Albert E. Jenner, Jr.,
Harry G. Hershenson,
James B. McKeon,
Edward H. Hatton,
Attorneys for Petitioner.

Poppenhusen, Johnston, Thompson and Raymond,
Hershenson and Hershenson,
Of Counsel.

The Scheffer Press, Inc.—FInancial 6-2695

INDEX

PAGE

Opinions Below 2

Jurisdiction 2

Summary Statement of the Matter Involved..... 2

1. First Opinion of the Court of Appeals..... 3

Plaintiff, Consumers Petroleum Company..... 3

Defendant, Consumers Company 3

Confusion of the Public..... 4

The Conclusions of the Court of Appeals..... 4

2. The Decree Entered by the District Court on Remand, and its Subsequent Reversal by the Court of Appeals 5

The Decree of the District Court..... 5

The Second Opinion of the Court of Appeals.. 5

Questions Presented 6

Reasons for Granting the Writ..... 7

Conclusion 14

Table of Authorities

American Steel Foundries v. Robertson, 269 U. S. 372 (1926).....9, 10, 12

Arrow Distilleries, Inc. v. Arrow Distilleries, Inc. (C. A. 7, 1942) 10

British-American Tobacco Co. v. British-American Cigar Stores Co., 211 Fed. 933 (C. A. 2, 1914)..... 10

Consumers Petroleum Co. v. Consumers Co., 169 F. 2d 153 (C. A. 7, 1948).....2, 3, 4

Consumers Co. v. Consumers Petroleum Co., 176 F. 2d 441 (C. A. 7, 1949) 5, 6

PAGE

Esso, Inc. v. Standard Oil Co., 98 F. 2d 1 (C. A. 8, 1938) 10

Federal Trade Commission v. Algoma, 291 U. S. 67 (1934) 8

Mantle Lamp Co. of America v. Aladdin Mfg. Co., 78 F. 2d 426 (C. A. 7, 1935) 10

Queen Mfg. Co. v. Ginsberg & Bros., 25 F. 2d 284 (C. A. 8, 1928) 10

Rice & Hutchins v. Vera Shoe Co., Inc., 290 Fed. 124 (C. A. 2, 1923) 10

Standard Oil Co. of New Mexico v. Standard Oil Co. of Calif., 56 F. 2d 973 (C. A. 10, 1932) 10

IN THE

Supreme Court of the United States

OCTOBER TERM, 1949

No.

CONSUMERS PETROLEUM COMPANY,
Petitioner,

vs.

CONSUMERS COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

Consumers Petroleum Company, an Illinois Corporation, Petitioner, prays that a writ of Certiorari issue to review the judgments of the United States Court of Appeals for the Seventh Circuit, entered July 19, 1949, reversing the decree of the District Court for the Northern District of Illinois, Eastern Division, in consolidated appeals No. 9859 (*Consumers Petroleum Company,* Plaintiff-Appellee, v. *Consumers Company,* Defendant-Appellant) and No. 9860 (*Consumers Petroleum Company,* Plaintiff-Appellee v. *Consumers Company,* Defendant-Appellant).

OPINIONS BELOW.

The oral opinion of the District Court is not reported but may be found in the record. (R. 77-80).

The opinion of the Court of Appeals (R. 139-144) is reported at 176 F. 2d 441.

JURISDICTION.

The judgments of the United States Court of Appeals for the Seventh Circuit on the consolidated appeals were entered July 19, 1949. (R. 145, 146). Petitioner's petition for rehearing was denied (and three paragraphs of the opinion of July 19, 1949 stricken, and one new paragraph added), on September 30, 1949. (R. 147). The jurisdiction of this Court is invoked pursuant to Section 240(a) of the Judicial Code as amended by the Act of February 13, 1935 (43 Stat. 938, 28 U.S.C. § 347(a)).

SUMMARY STATEMENT OF THE MATTER INVOLVED.

The judgments of the Court of Appeals sought to be reviewed by this petition for a writ of certiorari represent the second opinion of that court on the claim of petitioner (hereinafter called plaintiff) that respondent (hereinafter called defendant) was guilty of unfair competition in the use of its corporate name "Consumers Company" and the trade name "Consumers" in the sale and marketing of fuel oil in Chicago and vicinity. An examination of the first opinion (169 F. 2d 153, R. 4-25) of the Court of Appeals is necessary fully to understand the reasons requiring the issuance of a writ of certiorari by this Court.[1]

---

[1] Defendant's petition for a writ of certiorari and plaintiff's cross-writ from the first judgment of the Court of Appeals were denied by this Court: No. 395, 335 U. S. 902; No. 425, 335 U. S. 902. These petitions presented issues other than is here presented by this petition.

1. The First Opinion of the Court of Appeals, 169 F. 2d 153. (R. 4-25).

All of the factual recitations hereinafter made are those found by the Master in Chancery who heard the cause and approved by the Court of Appeals in its first decision. These findings may be summarized as follows:

Plaintiff, Consumers Petroleum Company.

a. Plaintiff, Consumers Petroleum Company was incorporated under that name as an Illinois Corporation in 1925, and was the first to use that name and the trade name "Consumers" in the sale of fuel oil and petroleum products in Chicago and the Chicago Metropolitan area.

b. Plaintiff has sold fuel oil in Chicago and its environs since that time under the trade name "Consumers" and its corporate name "Consumers Petroleum Company."

c. Plaintiff has spent large sums of money in promoting and advertising its business under such trade names.

d. Plaintiff has built up a "very valuable good will" under its trade names, "Consumers" and "Consumers Petroleum Company" in the sale of fuel oil and petroleum products in Chicago and its environs.

Defendant, Consumers Company.

a. Defendant was incorporated as a Delaware Corporation in 1937 as the result of the reorganization of its predecessor, which was incorporated in 1913 as an Illinois Corporation.

b. Defendant did not begin the sale of fuel oil on its own account until 1938, and made no sales of fuel oil "under its corporate name" or the trade name "Consumers" until that date.

c. Defendant's predecessor had sold hard fuels (coal and coke) on and after its incorporation in 1913, had never sold fuel oil under its corporate name or the trade name "Consumers," but did sell an "infinitesimal" amount of fuel oil as agent for the Standard Oil Company under the trade names of that latter company, "Stanolind" and "Stanolex."

Confusion of the Public.

a. There was no confusion of the public with respect to plaintiff and defendant or defendant's predecessor *until* defendant first commenced the sale of fuel oil *in 1938,* for itself "under its corporate name" and the trade name "Consumers."

b. Both the plaintiff and defendant alleged and adduced evidence which established the existence of substantial confusion of the public as between plaintiff and defendant as the source or origin of fuel oil. The Master affirmatively found such confusion to have existed after 1938, and the Court of Appeals approved this finding.

The Conclusions of the Court of Appeals.

a. That plaintiff had the superior right to the use of its corporate name and the trade name "Consumers" in the sale and marketing of fuel oil in the Chicago area.

b. That defendant acquired no property right in the trade name "Consumers" with respect to fuel oil.

c. That defendant was guilty of unfair competition as alleged in the complaint, and that the cause be remanded to the District Court for the entry of an appropriate decree.

2. The Decree Entered by the District Court on Remand and its Subsequent Reversal by the Court of Appeals.

The Decree of the District Court.

The decree entered by the District Court, on remand, among other things enjoined defendant from using or employing both the trade name "Consumers," and its corporate name, "Consumers Company" in the sale and marketing of fuel oil in the Chicago Metropolitan Area. (R. 114-115.) Both parties appealed from the decree of the District Court. (R. 118, 124.)

The Second Opinion of the Court of Appeals, 176 F. 2d 441 (R. 139-144, R. 147).

The opinion and the judgments of the Court of Appeals, made the subject of this petition for writ of certiorari, were handed down July 19, 1949. (R. 139-144, 145, 146.) The opinion was subsequently amended by the Court in denying plaintiff's petition for rehearing, by the striking out of the last three paragraphs of the opinion as originally published, and the addition of one paragraph (R. 147).

The basic issue, in the view of the Court of Appeals, presented for decision on the second appeal, was whether "the court (trial court) erred in enjoining the defendant from the use of its corporate name in the sale and dis-

tribution of fuel oil, * * *." (R. 140.) The Court answered the question thus posed as follows:

> a. Plaintiff had and has the sole and exclusive right to the use of the trade name "Consumers" in the sale and distribution of fuel oil in the Chicago area. Conversely, the defendant has no right in that name, and is prohibited and barred from using it in the sale and distribution of fuel oil in the Chicago Metropolitan Area.
>
> b. However, defendant may use its corporate name "Consumers Company," in the sale and distribution of fuel oil in the Chicago area, although it may not sell fuel oil under the word "Consumers" standing alone!

The Court further flatly asserted, that it "seriously" doubted whether "a court" had the "authority * * * to enjoin defendant's use of its corporate name * * *." (R. 143).

The remanding order of the Court reversed and remanded the cause to the District Court for the entry of a decree "in conformity with the views herein expressed."

QUESTIONS PRESENTED.

1. Whether the Court of Appeals, although deciding that defendant should be enjoined from using the trade name "Consumers", in the sale and marketing of fuel oil in the Chicago metropolitan area, erred in holding that defendant could continue to sell fuel oil in that area under the name "Consumers Company"?

2. Whether the trade name "Consumers", and defendant's corporate name "Consumers Company", are confusingly similar?

3. Whether a federal court of equity has authority to enjoin the use of a corporate name (or at least enjoin the use of the infringed trade name "Consumers" by defendant as a part of its corporate name) when that name is confusingly similar to and an infringement of the superior, prior and exclusive right of another thereto?

4. Whether the Court of Appeals erred in its opinion and judgment by refusing to prohibit defendant from using its corporate name in the sale and distribution of fuel oil, when it is conceded that public confusion as to source and origin as between plaintiff and defendant first arose after defendant first began to sell fuel oil under its corporate name in 1938, and which judgment will continue the confusion of the public to the damage and detriment of plaintiff and the public.

REASONS FOR GRANTING THE WRIT.

The Court of Appeals in deciding that although plaintiff had the sole, exclusive and prior right to the trade name "Consumers," and to its corporate name "Consumers Petroleum Company" but in erroneously holding that defendant should not and could not be prohibited and prevented from using its corporate name "Consumers Company" in the sale and distribution of fuel oil, decided a question of federal equity practice of general importance; failed to give effect to applicable decisions of this Court, decisions by other Circuit Courts of Appeal, as well as decisions by the Seventh Circuit Court of Appeals itself.

1. The decision of the Court of Appeals in the case at bar has served completely to emasculate effective relief in cases of the character of this case. The equitable relief to be accorded the litigant who has successfully

established his exclusive claim to a trade name (whether corporate or otherwise) is the heart and soul of unfair trade competition cases. Without effective equitable relief, the confusion to the public or others, and the infringement of the prior user's property rights will continue unabated. The many limitations, particularly of proof, placed on claims for lost profits and damages, emphasize the importance of effective remedial relief.[2] Without such relief, the wrongdoer, as in the case at bar, is permitted to continue its illegal acts, unmolested and without restraint. As this Court well said in *Federal Trade Commission* v. *Algoma,* 291 U. S. 67, 81 (1934), with respect to the relief to be accorded in cases of mere innocent misrepresentation:

> "They (the wrongdoers) must extricate themselves from it by purging their business methods of a capacity to deceive."

The decision in the case at bar wholly denies effective equitable relief. The case far transcends the issue of whether the Court of Appeals abused its discretion or arrived at an erroneous decision in the case at bar. The decision is of the greatest general importance in the developing and expanding field of unfair competition through the illegal use of trade or corporate names. The ancient standards of fraudulent palming off of one's goods for another, and the host of other deliberate devices of misrepresentation have been relegated to a position of declining importance in this field of law. The continuously

---

[2] For example, plaintiff in the case at bar sued for damages and lost profits as well as for equitable relief. The Court of Appeals in its first opinion held that because of the lack of evidence of deliberate and wilful misrepresentation by defendant, the trial court had properly dismissed that facet of plaintiff's suit. (R. 19-22.)

growing use of corporate names as trade names finding expression for example, in the growth of "institutional" advertising, is of the greatest importance. When a company has built up a good will and association in the public mind of the name of that company with the product or products involved, a valuable property right has been created. Not only that, but the buying public has an interest in knowing that that company and no other is the source of the product. This was specifically recognized by this Court in *American Steel Foundries* v. *Robertson,* 269 U. S. 372, 380-381 (1926).

The decision in the case at bar holds that although plaintiff has the right to the name "Consumers" (and conversely that defendant has no right whatsoever to it), *nevertheless* defendant may use its corporate name "Consumers Company" in the sale and marketing of fuel oil. The decision is clearly wrong and in direct conflict with *American Steel Foundries* v. *Robertson,* 269 U. S. 372, 381 (1926), where this Court, in discussing this very issue said:

> "The general doctrine is that equity not only will enjoin the appropriation and use of a trade-mark or trade name where it is completely identical with the name of the corporation, but will enjoin such appropriation and use where the resemblance is so close as to be likely to produce confusion as to such identity, to the injury of the corporation to which the name belongs."

But the significance is much greater than the apparent contradiction of the opinion that "Consumers" and "Consumers Company" are not confusingly similar. The thrust of the decision carries it far beyond the two litigants in the case at bar. It purports to establish binding precedent in the Seventh Circuit and persuasive authority else-

where, marking out the type, kind and extent of equitable relief to be accorded by federal courts. The decision should be reviewed on this ground alone.

2. The effect of the decision of the Court of Appeals is to vest a corporate name with a sanctity and inviolability never before accorded the corporate form. The undocumented premise of the Court of Appeals that it has "serious" doubts whether a federal court of equity has the power to enjoin a corporation from the use of its corporate name where that name assumedly is used unfairly but in good faith (if possible) as a trade name, stands alone and without support. Indeed, the case of *American Steel Foundries* v. *Robertson*, 269 U. S. 372, 381 (1926), is directly contrary. The failure of the Court of Appeals to enjoin the use of "Consumers" in defendant's corporate name in the case at bar is contrary, as well, to many decisions of the lower federal courts. See e. g., *British-American Tobacco Co.* v. *British-American Cigar Stores Co.*, 211 Fed. 933 (C. A. 2, 1914); *Standard Oil Co. of New Mexico* v. *Standard Oil Co. of Calif.*, 56 F. 2d 973 (C. A. 10, 1932); *Esso Inc.* v. *Standard Oil Co.*, 98 F. 2d 1 (C. A. 8, 1938); *Queen Mfg. Co.* v. *Ginsberg & Bros.*, 25 F. 2d 284 (C. A. 8, 1928); *Rice & Hutchins* v. *Vera Shoe Co., Inc.*, 290 Fed. 124 (C. A. 2, 1923). Indeed, the decision by the Court of Appeals is contrary to its own prior opinions in *Arrow Distilleries, Inc.* v. *Arrow Distilleries, Inc.*, 117 F. 2d 636 (C. A. 7, 1942); and *Mantle Lamp Co. of America* v. *Aladdin Mfg. Co.*, 78 F. 2d 426 (C. A. 7, 1935).

Yet the Court of Appeals has ruled that in the absence of bad faith and wilful misrepresentation, a corporation even though guilty of unfair competition in the use of the unfairly competitive name as the dominant feature of its

corporate name (e. g., *"Consumers"* in *"Consumers* Company"), cannot be enjoined from the use of that name. The rationale is difficult to understand. However, the intent of the Court of Appeals is plain. Such a result, whether phrased in terms of lack of power residing in a federal court of equity, or otherwise, completely eliminates effective relief in cases of the character of the case at bar. As we have stated, the growing majority of unfair competition cases involving the use of generic or institutional trade names are not easily susceptible of proof of wilfulness, maliciously intentional palming off, fraudulent misrepresentations, and the other characteristic types of actionable conduct falling in this class. The presently typical cases are of the nature of the case at bar, wherein the only obtainable relief is equitable. However, the decision of the Court of Appeals in the instant case, in effect finds on the one hand the existence of unfair competition, but on the other hand, denies completely any relief whatsoever to end the confusion of the public and to protect the property rights of the prevailing party. The Court has created a stultifying standard of equitable relief out of whole cloth, binding on the District Courts in the Seventh Circuit, and standing as persuasive authority for the other federal courts, not to mention state trial and appellate courts, particularly those of Illinois. The readily apparent pervasive effect of the decision by the Court of Appeals, it is respectfully submitted, requires the discretionary exercise of this Court's right of review.

3. The Court of Appeals furthermore overlooks its explicit holding in its prior opinion that the use by defendant of its corporate name as a trade name was an infringement of plaintiff's exclusive right to the use of the trade name "Consumers" in the sale and marketing of

fuel oil and its right to the use of its corporate name "Consumers Petroleum Company" therein. Such a conclusion is required by a mere perusal of the opinion of the Court of Appeals on the first appeal having in mind the background of the case and the contentions of the parties. Particularly is this true since the court admits even in its second opinion that the confusion alleged by the parties, found by the Master, and affirmed by the Court of Appeals, did not exist until 1938 when the defendant for the first time began to sell and market fuel oil under its corporate name "Consumers Company" and the trade name "Consumers." There was no confusion of the public during the period from 1927 to 1938 when defendant's predecessor sold fuel oil only as an agent for Standard Oil Company under that company's fuel oil trade names, and not under its corporate name. Both parties adduced evidence that only after 1938, beginning when defendant for the first time sold fuel oil under its corporate name and the trade name "Consumers," did substantial confusion first occur. The basic premise of the first opinion of the Court of Appeals rested on the admitted fact that defendant, by selling fuel oil under its corporate name and the trade name "Consumers," had infringed plaintiff's prior right to sell and market fuel oil under its corporate name and the trade name "Consumers." The Court of Appeals in its first decision held that plaintiff, not defendant, should prevail on this issue. For example, the Court in its first opinion cited and quoted with approval the decision by this Court in the case of *American Steel Foundries* v. *Robertson,* 269 U. S. 372 (1926), for the proposition that a corporate name when used as a trade name would be protected by the court against its use by another. In fact, the Court of Appeals emphasized the

statement of this Court in the foregoing case that "equity not only will enjoin the appropriation and use of a trademark or trade name where it is completely identical with the name of the corporation, but will enjoin such appropriation and use where the resemblance is so close as to be likely to produce confusion as to such identity, to the injury of the corporation to which the name belongs."

Furthermore, the Court of Appeals considered and rejected the argument of defendant that "a private party has no right to complain about the use by a corporation of its corporate name." The Court emphasized in the first opinion that the case at bar was one of confusion of source or origin, not of technical palming off of goods or merchandise. The first decision of the Court of Appeals emphasized the confusion of the public admitted to exist by both of the parties, and that this confusion must be ended by appropriate relief. Having the foregoing in mind, it cannot conceivably be argued that the Court of Appeals in fact attempted to draw the distinction in its first opinion which it now claims that it did—that there is a difference between the trade name "Consumers" and the corporate name "Consumers Company," and that defendant may be restrained from using the trade name "Consumers" but still may be permitted to use the trade name "Consumers" as the dominant word in its corporate name "Consumers Company" in the sale and marketing of fuel oil in the Chicago Metropolitan Area.

CONCLUSION.

The decision by the Court of Appeals manifestly and clearly is one of general importance. It is a decision in a developing field of law, which if left as a guide post will turn the current of that trend and will lead to results which will fail to give not only adequate relief but will in effect deny relief to those whose rights have been infringed by the use of a corporation of its corporate name as a trade name in the sale and distribution of goods, services and products. It is a decision which is in direct conflict with controling decisions of this Court. It is furthermore in direct conflict with decisions of the other Circuit Courts of Appeal, and even with decisions by the Court of Appeals for the Seventh Circuit which rendered the judgments in the case at bar. It is respectfully submitted that the decision of the Court of Appeals, for the compelling reasons we have suggested, clearly merits review by this Court.

Respectfully submitted,

ALBERT E. JENNER, JR.,
HARRY G. HERSHENSON,
JAMES B. MCKEON,
EDWARD H. HATTON,
Attorneys for Consumers Petroleum Company.

POPPENHUSEN, JOHNSTON, THOMPSON & RAYMOND,
HERSHENSON & HERSHENSON,
Of Counsel.

FILE COPY

Office - Supreme Court, U.
FILED
JAN 20 1950
CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1949.

Nos. 478 and 479

CONSUMERS PETROLEUM COMPANY,
Petitioner,

vs.

CONSUMERS COMPANY,
Respondent.

PETITIONER'S REPLY BRIEF IN SUPPORT OF ITS PETITION FOR WRIT OF CERTIORARI.

Albert E. Jenner, Jr.,
Harry G. Hershenson,
James B. McKeon,
Edward H. Hatton,
Attorneys for Petitioner.

Poppenhusen, Johnston, Thompson and Raymond,
Hershenson and Hershenson,
Of Counsel.

The Scheffer Press, Inc.—FInancial 6-2694

IN THE

Supreme Court of the United States

OCTOBER TERM, 1949

Nos. 478 and 479

CONSUMERS PETROLEUM COMPANY,
Petitioner,

vs.

CONSUMERS COMPANY,
Respondent.

PETITIONER'S REPLY BRIEF IN SUPPORT OF ITS PETITION FOR WRIT OF CERTIORARI.

SUMMARY STATEMENT OF THE MATTER INVOLVED.

Petitioner set forth the essential facts as found by the Court of Appeals in its first opinion, and reiterated in its second opinion. (Pet., 2-6)[1]. The ambulatory discourse of respondent with two exceptions does not challenge the facts as stated.

Respondent argues that petitioner's statement that respondent did not engage in the fuel oil business until 1938 (petitioner commenced the fuel oil business in 1925), was erroneous. The record is very clear in this respect.

[1] The facts relied on by petitioner were originally reported by a Master in Chancery, whose findings on all essential issues were approved by the Court of Appeals.

Thus, the Court of Appeals in its first opinion specifically recited (R. 9):

> "Thus, we have a factual situation wherein the defendant [respondent] while first incorporated confined its business solely to the distribution of hard fuel, such as coal and wood, until 1938, when it commenced the sale and distribution of fuel oil on its own account. In the meantime, plaintiff [petitioner] in the year 1925 was incorporated, and engaged solely in the business of the sale and distribution of fuel oils. Further, as found by the Master and not disputed, each of the parties spent large sums of money in advertising their business and each built up a goodwill for their business, and especially for those products with which they were concerned. In this connection, it must be kept in mind that while the defendant subsequent to 1927 advertised fuel oil to a limited extent, it made no sales of such oil under its corporate name until 1938. In the meantime, such fuel oil as it dealt with, was under the trade names of the Standard Oil Company."

Respondent also suggests that petitioner's assertion that confusion of the public occurred only on and after the year 1938 when respondent first entered the fuel oil field under its corporate name and the trade name "Consumers," was inaccurate. Again we quote the Court of Appeals in its first opinion, as follows (R. 6, 9):

> "Confusion on the part of the buying public as between plaintiff and defendant as the source of fuel oil purchased or sought to be purchased *was charged in both the complaint and in defendant's counterclaims.* Each side, however, disclaims responsibility for the confusion and each asserts that it was the result of the wrongful act of the other in appropriating and using the trade name "Consumers" in connection with the sale and distribution of fuel oil"

• • • • • • • • •

"The Master further found:

'*The undisputed evidence shows that prior to the year 1938 when defendant began the sale of fuel oil for itself—i.e., it stopped acting as agent for the Standard Oil Company of Indiana—there was no confusion in the minds of the public despite the similarity of names. It shows further that since that time there has been very considerable confusion.* Not only is this evidence not denied but allegations to that effect constitute the bases of the pleadings of each of the parties and this confusion should, for the protection of the public, not be permitted to continue.'" (Emphasis supplied).

ARGUMENT.

1. Respondent argues that the second opinion of the Court of Appeals is not contrary to or in conflict with decisions of this Court, and with decisions of the lower federal courts. A reading of respondent's arguments serves fully to confirm petitioner's statement that the opinion and judgments of the Court of Appeals here sought to be reviewed are without precedent, and stand in direct conflict with decisions of this Court and of the lower federal courts. (Pet., 7-13).

a. Firstly, the decision of the Court of Appeals is directly contrary to the decision of this Court in *American Steel Foundries* v. *Robertson*, 269 U.S. 372 (1926), which petitioner discussed at length. (Pet. 9, 10). Respondent's purported distinction admits the applicability of the *Robertson* case, and its direct conflict with the case at bar. (Resp. Br., 6-7). Respondent agrees that the *Robertson* case involved the employment of the generic word "Simplex" as the dominant portion of a corporate name (cf., *"Consumers"* in *"Consumers* Company"). The statement by this Court that such an appropriation would be enjoined (269 U.S. 372, 381; Pet., 9) presents as direct a conflict as may be imagined.

b. Petitioner set forth other representative decisions by lower federal courts enjoining appropriation of trade names, where used either as a corporate name, or as the dominant part of a corporate name. (Pet., 10). Respondent asserts the inapplicability of such decisions, but has not explained wherein any of the cases cited differ in principle from the case at bar. Respondent's failure to favor this Court and petitioner with its thoughts, such as they may

be, as to how or in what manner the cases are distinguishable leads to the inevitable conclusion that respondent is unable to distinguish these cases, that they are in point, and in direct conflict with the decision in the case at bar. A reading of them requires such a conclusion.

c. The Court of Appeals asserted a lack of power as a federal court of equity to enjoin defendant from the use of its corporate name or as a minimum, the use of the infringed trade name "Consumers" in its corporate name. Such a lack of power has never heretofore been doubted or even suggested. See *e.g., American Steel Foundries* v. *Robertson,* 269 U.S. 372, 381 (1926), and other cases cited. (Pet., 10). Respondent does not directly challenge this construction of the opinion of the Court of Appeals. This conclusion of the Court of Appeals stands unsupported in law, and is in conflict with the decisions of this Court and the lower federal courts heretofore adverted to. Lack of evidence of fraudulent conduct may prevent the recovery of damages, but has never been held a bar to effective equitable relief. Respondent has cited no cases to the contrary.

2. Respondent suggests that the issues raised by the present petition are the same as were presented by respondent's petition for writ of certiorari to review the opinion and judgment of the Court of Appeals for the Seventh Circuit in the first appeal[2].

The issues raised by the pending petition for writ of certiorari challenge the equitable relief granted to petitioner by the Court of Appeals. (Pet., pp. 6-7). However the first opinion and judgment of the Court of Appeals was not concerned with the issue of scope of relief, but

[2] 169 F. 2d 153 (C.A. 7, 1948), **cert. den.,** No. 395, 335 U.S. 902.

wholly with whether the facts justified a finding of unfair competition at all. The Court of Appeals reversed the judgment of dismissal of the District Court and remanded the case for the entry of a suitable decree. No issue was thus presented or could have been presented to this Court, as to the scope of the injunction, or as to the question of whether a federal court of equity has the basic power to enjoin a corporation from the use of its corporate name in the sale and distribution of a product, when the use of that name would be an obvious infringement on the prior rights of another to the dominant symbol contained in the corporate name (*e.g., Consumers*, in "*Consumers* Company".) The issue as to the scope and terms of the injunction was thus hypothetical and premature. It is not now hypothetical since the District Court entered an injunction within its discretion enjoining respondent from the use of the name "Consumers", or the name "Consumers Company" as trade names for the sale and distribution of fuel oil in the Chicago metropolitan area. The Court of Appeals has disavowed the injunction entered by the trial court, and has asserted that although respondent was guilty of unfair competition in using the word *Consumers* as a trade name, it may continue to use its name "*Consumers* Company" in the sale and distribution of fuel oil; and furthermore flatly asserted that it had serious doubts as to the power of a federal court of equity to restrain any corporation from the use of its corporate name, absent wilful and malicious fraud and active misrepresentation.

3. Respondent also suggests but does not articulate the suggestion, that the issue is one of local, not federal law. This misconception is based on the same false premise as the argument that the first and second decisions of the Court of Appeals considered the same basic issues.

The first decision dealt with the issue of whether, under the found facts, respondent had unfairly competed with petitioner. This was an issue primarily of local law. The second decision related solely to the issue of scope of equitable relief. This is not an issue to be determined under local law, but concerns the power and duty of a federal court of equity. See *e.g., Black & Yates* v. *Mahogany Ass'n.*, 129 F. 2d. 227, 232-3 (C.A. 3, 1942), *cert den.*, 317 U.S. 672 (1942). See also, *Sprague* v. *Ticonic Nat'l. Bk.*, 307 U.S. 161 (1939); *Kelleam* v. *Md. Casualty Co.*, 312 U.S. 377 (1941); and *York* v. *Guaranty Trust Co. of N.Y.*, 326 U.S. 99 (1945). The issue of scope and extent of equitable relief is procedural, not substantive, and is thus a question of general federal jurisprudence. See *e.g., Erie Ry. Co.* v. *Tompkins*, 304 U.S. 64 (1938); *Burns Mtg. Co.* v. *Hardy*, 94 F. 2d. 477, 480-1 (C.A. 1, 1938); *Zahn* v. *Transamerica Corp.*, 162 F. 2d. 36, 46-47 (C.A. 3, 1947); Tunks, *Categorization & Federalism*, 34 Ill. Law Rev. 271 at p. 276, f.n. 23.

4. For the reasons stated we think it clear that the issues present a question of general federal law. We think the issues also present critical questions of general importance.

The result of the decision, whether bottomed on lack of power residing in a federal court of equity or otherwise, has struck a telling blow at the very heart of actions for unfair competition in the use of trade names—the relief to be accorded one whose prior and superior rights to a name have been infringed. As petitioner stated (Pet., 11), the growing majority of cases involving the use of generic or institutional trade names in this field are not easily susceptible of evidence of wilfulness, fraudulent misrepresentations, and related illegal and malicious conduct of this nature. The presently typical cases are those

of the character represented by the case at bar wherein the only available relief is equitable. The law of unfair competition is of honored and ancient lineage. The facet of it represented by the case at bar is becoming of great importance and is a rapidly expanding field. The equitable relief to be accorded one who has been wronged is, of course, of primary importance. The formulation of principles to guide federal courts of equity in protecting the injured person from further illegitimate competition, and in protecting the public from confusion of source and origin, is necessary to preserve and forward the development of this field of law—for without the granting of effective relief the rights of the interested parties, including the public, would be set at naught.

Thus, the decision of the Court of Appeals in the case at bar, finds, on the one hand, the existence of unfair competition, but on the other hand, completely denies any relief whatsoever to end the confusion of the public and to protect the property rights of petitioner. The Court of Appeals has thus rendered a decision of critical general importance, which it is submitted, merits review by this Court.

CONCLUSION.

Petitioner concluded its petition for a writ of certiorari by the statement that the decision of the Court below was manifestly and clearly one of general importance, and that if it were left as a guidepost in this developing field of law would have the effect of turning the current of that trend and lead to a result which would fail wholly to give not only adequate relief but would in effect deny relief to those whose rights have been infringed by the use of

a corporation of its corporate name or dominant part thereof as a trade name in the sale and distribution of goods, services and products. Nothing respondent has stated in his brief in opposition in any way or manner belies this statement. Rather respondent's argument has either utterly misconceived the issues raised by the petition for writ of certiorari, or have served greatly to strengthen petitioner's position. It is therefore respectfully submitted that the decision of the Court of Appeals, for the compelling reasons we have suggested, merits review by this Court.

Respectfully submitted,

ALBERT E. JENNER, JR.
HARRY G. HERSHENSON,
JAMES B. MCKEON,
EDWARD H. HATTON,
Attorneys for
Consumers Petroleum Company.

POPPENHUSEN, JOHNSTON, THOMPSON & RAYMOND,
HERSHENSON & HERSHENSON,
Of Counsel.

FILE COPY

FILED
JAN 9 1950
CHARLES ELMORE CROPLEY

IN THE

Supreme Court of the United States

OCTOBER TERM, 1949.

Nos. 478 and 479

CONSUMERS PETROLEUM COMPANY,
Petitioner,

vs.

CONSUMERS COMPANY,
Respondent.

BRIEF FOR RESPONDENT ON PETITION FOR WRIT OF CERTIORARI.

JOSEPH B. FLEMING,
CARL S. LLOYD,
LLOYD M. BOWDEN,
Attorneys for Respondent, Consumers Company.

KIRKLAND, FLEMING, GREEN, MARTIN & ELLIS,
Of Counsel.

THE BUNTHORP-WARREN PRINTING COMPANY, 210 WEST JACKSON, CHICAGO

IN THE

Supreme Court of the United States

OCTOBER TERM, 1949.

Nos. 478 and 479.

CONSUMERS PETROLEUM COMPANY,
Petitioner,

vs.

CONSUMERS COMPANY,
Respondent.

BRIEF FOR RESPONDENT ON PETITION FOR WRIT OF CERTIORARI.

THE ESSENTIAL FACTS OF THE CASE.

Petitioner's statement of the case fails to give the essential facts and its purported summary of the two opinions of the Court of Appeals is inaccurate and incomplete. A short counterstatement is therefore necessary.

At the outset it should be noted that every aspect of this case has previously been presented to this Court on petitions for writs of certiorari filed by the respective parties after the first decision of the Court of Appeals. Both petitions were denied. (335 U. S. 902.) In the petition then filed by the present respondent (No. 395, 1948 Term), the question in issue was stated as follows:

> "The principal question presented is whether a long-established corporation, acting honestly and in good

> faith and being guilty of no fraud or palming off, may be enjoined from using its corporate name in the business of marketing a new specific product in the same general field in which it has been engaged, and in which it has created a valuable good will, at the instance of a corporation subsequently formed under a similar name, especially when there is no finding of secondary significance in the later corporation's name and it is not inherently distinctive."

In opposing that petition the present petitioner stated:

> "Petitioner has set forth no grounds or reasons which should impel this Court to grant its petition for a writ of certiorari as prayed for by petitioner. The petition essentially presents only issues of local law."

The instant petition (p. 6) states the principal question presented to be whether the Court of Appeals "erred in holding that defendant could continue the sale of fuel oil in that [the Chicago metropolitan] area under the name 'Consumers Company' "; and, in contrast to its earlier position that the corporate name question presented only "issues of local law," petitioner now states (p. 14) that the second decision of the Court of Appeals on that question "manifestly and clearly is one of general importance"!

The essential facts, omitted in petitioner's statement, are briefly as follows:*

The respondent, with its predecessor company of the same name, is an old Chicago company which since 1913 has been extensively engaged in the fuel and building material business in the Chicago metropolitan area. While

* Although the original Court of Appeals Record is not before this Court on the present petition these facts appear essentially from the present Record, particularly from the opinions of the Court of Appeals (R. 4 and 139-144), including a dissenting opinion (R. 22) of Judge Minton (now Mr. Justice Minton of this Court) on the original appeal.

from the beginning of its existence it had sold coal, coke, wood and petroleum carbon, it did not sell fuel oil until 1927, when it began to advertise rather extensively, by means of billboards and other outdoor advertising and in newspapers, the Chicago and suburban classified telephone books and through other media that it had added fuel oil to its line of fuels (such addition being due to the growing use of oil burners at about that time). Its sales thereafter were continuous, although its volume was quite small (with the Standard Oil Company (Indiana) making deliveries for it) until 1938, when it greatly expanded this branch of its fuel business and began making its own deliveries. This part of its business now amounts to several million dollars a year.

The petitioner was organized on December 28, 1925, and presumably began selling fuel oil early in 1926. With full knowledge of respondent's widely known and respected name, petitioner selected the name "Consumers Petroleum Company" and immediately began using on its stationery, delivery tickets and in advertising, and also on some of its trucks, a trade symbol in the form of a seal quite similar to a seal which had been extensively used by the respondent in the same ways since 1913 and which had become firmly identified in the public mind with the respondent's business. The respondent's seal had always borne the words "Consumers Company" and "Guaranteed Products." Petitioner placed on its seal the words "Consumers Oils" and "Guaranteed Quality." The present action was filed by petitioner against respondent in 1940, some thirteen years after respondent had added fuel oil to its line of fuel products. A counterclaim was filed by respondent against petitioner but was dismissed by the District Court on the ground of laches and no appeal was taken from such dismissal.

The District Court, and the dissenting opinion of Judge

Minton on the first appeal, held that petitioner's adoption and use of this similar name and trade symbol, as well as other conduct on its part, showed that it was acting in bad faith and that it was in court with unclean hands; that the action was barred by laches and estoppel; that the respondent had done no wrong; and that accordingly the complaint should be dismissed in its entirety for want of equity and because of unclean hands. In this connection Judge Minton said (R. 25):

> "*The only evidence of questionable conduct in the instant case is that of the plaintiff.*
>
> "I agree with the District Court that the complaint should have been dismissed as without equity and for the further reason that the plaintiff did not come into court with clean hands. I would deny equitable relief and certainly would agree that there are no damages due the plaintiff." (Italics ours.)

The majority opinion on the first appeal (R. 4), while holding that "the equities of the situation are such that a monetary award should be denied," that "defendant was guilty of no fraud or palming off" and that "there is nothing in defendant's conduct that demonstrates a lack of honesty or good faith," nevertheless held that there should be an injunction (the scope of which was not very clearly defined) against respondent because petitioner started selling fuel oil before respondent did.

On the second appeal, from a decree which the District Court (acting expressly against its judgment and under supposed compulsion of the first mandate of the Court of Appeals) said was intended "to put the Consumers Company out of the fuel oil business in Chicago" (R. 140), the Court of Appeals, after quoting several passages from its former opinion, clarified its intention as follows (R. 143):

> "Does this language leave any room for doubt but that it was defendant's use of the trade name 'Con-

sumers' which we condemned and held to be unfair competition? And is there any reasonable basis for plaintiff's contention, agreed to by the court below, that our holding was designed to prohibit the defendant from the use of its corporate name? We think both questions must be answered in the negative. Unfortunately, there are two or three sentences in the opinion which, if standing alone, might form the basis for the inference that we were striking at the corporate name, but certainly the opinion taken as a whole does not lend itself to such a result. * * * Certainly no such result was intended."

Petitioner's assertion in its Statement, and its contention in its Argument, that the Court of Appeals based its second opinion, in part at least, on doubt as to its "authority" to enjoin the respondent's use of its corporate name, should be considered in the light of the context in which that word was used, which was as follows (R. 143):

"On the former record, there was no showing that either plaintiff's corporate name or its trade name 'Consumers' had acquired a secondary meaning, and it was conceded and found that the defendant was guilty of no fraud, palming off or bad faith. Under such a situation, we think a serious question would arise as to the authority of a court to enjoin defendant's use of its corporate name adopted long prior to the adoption and use by plaintiff of a similar corporate name. At any rate, our attention is called to no authority which under similar circumstances has imposed such a drastic remedy."

ARGUMENT.

The amazing thing about this case is that any injunction at all should be ordered against the respondent—not that it should be limited so as to bring it within a "rule of reason." The Court of Appeals of course recognized that an injunction, such as that contended for by petitioner, which would put respondent in the dilemma of having to either give up its old and very valuable corporate name or to discontinue its large and lucrative fuel oil business, would be completely beyond the bounds of reason and plainly inappropriate to the facts of the case. Both Courts, and both the majority and minority opinions in the Court of Appeals, agreed that respondent has acted in entire honesty and good faith. As pointed out above, Judge Minton realistically said that the only evidence of questionable conduct in the instant case is that of the petitioner. The petitioner (the actual wrongdoer) not the respondent (the innocent party), is the one which should have been enjoined. If, by any chance, this Court should grant the writ sought by the petitioner, it is submitted that the question of whether any injunction at all should be issued against the respondent is the aspect of the case which should be reviewed. But this Court denied the respondent's petition grounded on this basic error of the Court of Appeals, and it appears too plain to call for any extended argument that the present petition is unfounded.

We shall therefore confine this part of our brief to refuting a few of petitioner's representations and attempted inferences on factual matters, and to showing the utter lack of relevancy to this case of the decisions cited in the petition, particularly that of this Court in *American Steel Foundries* v. *Robertson,* 269 U. S. 372, on which petitioner principally relies.

Referring first to the latter case, the point of decision there was that the fact that the common word "Simplex" was a salient part of the name of a corporation other than that of the applicant for registration of it in the Patent Office for goods which the Court held to be in a different category from those of such corporation, was not a ground for refusing the registration. Obviously no such question is involved here. Petitioner's quotation on page 9 of the petition of a statement made by way of dicta in that opinion to the effect that equity will enjoin the appropriation of a trade-mark or trade name not only where it is identical with the name of a corporation but also where the resemblance is so close as to be likely to produce confusion as to such identity, is entirely beside the point. It plainly has nothing to do with the question of whether an older corporation can be enjoined from using its *corporate name* in an honest and non-deceptive way at the instance of a later corporation which has chosen a similar name. As noted above, the Court of Appeals said relative to this question that "our attention is called to no authority which under similar circumstances imposed such a drastic remedy."

Petitioner states a completely false issue on pages 6 and 9 of its petition when it says that a question presented is whether "the trade name 'Consumers' and defendant's corporate name 'Consumers Company' are confusingly similar." The word "Consumers" is the salient part of respondent's corporate name which it had used and given distinction in the Chicago area for many years before petitioner entered the fuel business under an imitative name. The Court of Appeals did not hold that petitioner's priority (which, incidentally, was by a very narrow margin —1926 as against 1927—) in the fuel oil business gave it any superior right to the word "Consumers" as a part of a *corporate name.* In fact it definitely and emphatically

negatived that idea in its second opinion. The majority of the Court only held (and even in that we feel strongly it was in error) that petitioner has the right to an injunction against the use of the word "Consumers" by the respondent as a "trade-name," by which, as clearly stated in its second opinion, it meant the name of the product (fuel oil), as distinguished from respondent's corporate name or the name of its business. Perhaps "trade-mark" would have been a more apt term than "trade-name," but in any event the Court's meaning has now been made clear.

Petitioner further seeks to confuse the issue by referring, without any support in the record or elsewhere, to the "continuously growing use of corporate names as trade names." (Pet. pp. 8 and 9.) What it means by this is not clear, but it *is* clear that petitioner is seeking, by this language, and by its contention on page 10 that respondent should be enjoined from using the word "Consumers" in its corporate name, to put respondent in the position of having to give up either its traditional corporate name or its fuel oil business. Such an injunction would of course amount to the same thing as one outrightly enjoining respondent from using its corporate name in the fuel oil business, which, under the circumstances, is unthinkable, as the Court of Appeals recognized.

The petition erroneously states that respondent did not begin the sale of fuel oil under its corporate name until 1938. In this connection it is pointed out that the Master before whom the case was tried found (R. 8) that:

> "Commencing in 1927, Consumers Company [defendant] began advertising the sale of fuel oil for domestic users and began the solicitation of orders therefor."

Furthermore, the majority opinion in the Court of Appeals acknowledged (R. 17) that "during the period from 1927

to 1938 when defendant was engaged in a limited fashion in selling fuel oil under the trade names of the Standard Oil Company, it advertised fuel oil in the telephone directory, by billboards and otherwise." While the oil sold was identified in some advertisements by the Standard Oil Company's trade-marks, the respondent unquestionably sold it from the beginning under its own *corporate name,* as every sales ticket and every advertisement, billboard, sign and telephone book listing plainly showed.

Petitioner refers, on page 4 and elsewhere in its petition, to alleged "substantial confusion of the public as between plaintiff and defendant." Aside from the fact that whatever confusion there might have been was caused by petitioner and not by respondent, the District Court, in findings which were not changed by the Court of Appeals (see its statement (R. 7) that it did not find it necessary to determine whether such findings or those of the Master should be accepted because the different result "was occasioned in the main by the application of different principles of law"), stated (original C. of A. Tr. 303) that the total sales involved in the evidence of so-called confusion amounted to "not more than $250.00 and the profit perhaps about $10.00."

As bearing on the merits of petitioner's contention on this aspect of the case, the following observation by Judge Minton in his dissenting opinion on the first appeal (R. 24) is pertinent:

> "From 1913 to 1925, when the plaintiff was organized, the defendant used the name 'Consumers' in the general fuel business in Chicago and had built up considerable good will in that field when the plaintiff came along. With the whole lexicon of names to choose from in order to enter a branch of the fuel field in Chicago, the plaintiff chose the defendant's name, already in use in the general fuel field. The defendant had a well known and widely advertised

> seal which it used in its business, and the plaintiff imitated that seal in its fuel oil business. Such conduct on the part of the plaintiff warranted the District Court in finding that: 'Its adoption of a similar name and seal is hereby found not to have been innocent or accidental' and its conclusion of law that the plaintiff did not come into court with clean hands."

The cases cited by petitioner in addition to the *American Steel Foundries* case above mentioned involve such different factual situations and are so clearly lacking in relevancy that space will not be taken to discuss them, except to point out that certain of them, particularly *Mantle Lamp Co. of America* v. *Aladdin Mfg. Co.*, 78 F. (2d) 426 (C. C. A. 7), are, in fact, definitely in respondent's favor. In the *Aladdin* case the Mantle Lamp Company had sold kerosene lamps under the trade-mark "Aladdin" for many years. The "Aladdin Manufacturing Company" was later organized and started to sell portable electric lamps under the name "Aladdin." The Mantle Lamp Company some time later also began selling portable electric lamps under the "Aladdin" name and brought a suit against the Aladdin Manufacturing Company, which, by way of counterclaim, sought an injunction against use of the name by the Mantle Lamp Company for electric lamps. In holding such counterclaim to be unfounded, the Court said:

> "Only one reasonable conclusion may be drawn from the record here before us, viz., that appellee took the corporate name 'Aladdin Manufacturing Company' with the deliberate intention of utilizing the advertising and the good will of appellant."

The parallel here is evident.

CONCLUSION.

The petition fails to present any grounds whatever for review of the case by this Court and it should accordingly be denied.

Respectfully submitted,

JOSEPH B. FLEMING,
CARL S. LLOYD,
LLOYD M. BOWDEN,
Attorneys for Respondent,
Consumers Company.

KIRKLAND, FLEMING, GREEN, MARTIN & ELLIS,
Of Counsel.